

REMARKS/ARGUMENTS

Applicant acknowledges receipt of the Office Action dated 01/09/2006. Claims 1, 3-13 and 21-27 were pending in the application. Claims 1, 3-13 and 21-27 are presented for reconsideration and further examination in view of the following remarks and arguments.

Applicant notes that the Examiner mistakenly omitted claim 21 from the list of pending claims in the Office Action Summary form, from the list of examined claims in the "Status of Claims" section in the Detailed Action, and from the list of rejected claims at page 3 of the Detailed Action.

By this Response and Amendment claims 7, 8 and 11 have been amended to correct previously unnoted mistakes related to the dependency of those claims; and the rejection of claims 1, 3-13 and 21-27 under 35 U.S.C. § 103(a) is respectfully traversed.

Rejections under 35 U.S.C. § 103

The Examiner rejected claims 1, 3-13 and 21-27 under 35 U.S.C. § 103(a) as being obvious over Stefik et al. (US Patent 6,233,684), hereinafter "Stefik", in view of the alleged "Applicant's own admissions."

Applicant respectfully traverses these rejections.

To establish a *prima facie* case of obviousness, three basic criteria must be met:

- First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings.

- Second, there must be a reasonable expectation of success.

- Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art and not based on applicant's disclosure. In re Vaeck, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). See MPEP § 2143-§ 2143.03 for decisions pertinent to each of these criteria.

Applicant will show that the Examiner has failed to make a *prima facie* case of obviousness because the cited art references do not teach or suggest all the claim limitations, and

because there is no teaching or suggestion, in the cited references or in the knowledge generally available to one of ordinary skill in the art, to combine the reference teachings.

Applicant respectfully submits that, contrary to the Examiner's assertion, Stefik does not teach **"storing user data associated with a plurality of registered users, wherein said user data includes a user identification code (userID) and payment information corresponding to each registered user of the plurality of registered users."** Furthermore, Applicant submits that Stefik does not teach **"effecting payment to the registered user for the sale of the digital product by the registered user to the user."** After considering fully the entire reference, it appears that there is absolutely no indication in Stefik about **"storing user data associated with a plurality of registered users."** The only user information shown in Stefik is the one attached to a particular rendering device, such as a printer. This user information in Stefik is read once, before the rendering process, and is added to the printed image within a watermark: **"Part of this process assures that any printer or workstation that has a copy of the document also has digital certificates which contain information identifying the trusted system, trusted printer, user, and so on"** (col. 12:57-61) and **"a computation is then performed to gather together the information to be embedded in the watermark and to incorporate it into a new font for the watermark character. First the information must be gathered from digital identification certificates belonging to the user or the trusted printer, such as names, locations, and the current date and time, step 1205. This information is "printed" internally into computer memory, creating a bitmap image of glyph boxes of different sizes, step 1206."** (Col. 13:20-28).

As admitted by the Examiner in the Office Action, the watermarking system shown in Stefik is used **"to prevent copyright infringement and theft"**, whereas the watermarking system of the present invention is used to help **"effecting payment to the level n registered user for the sale of the digital product by the registered user to the user"** by tracking marketers of said digital product. In other words, the printing of a watermark containing a user ID, as taught by Stefik, is merely used as a deterrent to illegal reproduction of a document, whereas the userID of the present invention has a specific function: it is used to identify a registered level n user (transferor) who has transferred a digital product to a level n+1 user, to effect the payment of a reward to said level n user, thereby encouraging legal distribution of the digital product. The fact that the users are **"registered users"** as set forth in claim 1 of the present application ensures that

the step of "transacting a purchase by the user of the digital product" will actually occur, thereby protecting the rights of the copyright owner.

Applicant respectfully submits that, contrary to the Examiner's assertion, Stefik does not teach "each subsequent transfer of the data packet between users includes updating the watermark to include a userID of a transferor." As admitted by the Examiner in the Office Action at page 5, line 2, the user ID shown in Stefik "is updated and placed in a watermark before allowing a digital work to be rendered," not before transferring the digital product. What is shown in Figs. 6, 7 and 10 of Stefik is not "updating the watermark to include a userID of a transferor," it is updating a watermark with a user ID associated with a device that is used for rendering the digital product, such as, e.g., a trusted printer.

In the Office Action the Examiner also admits that "Stefik does not specifically disclose a marketing aspect of the invention to include tracking of marketing components and events" and relies upon Applicant's disclosure for this aspect of the invention. However, Applicant submits that there is no teaching or suggestion, in either Stefik or in the knowledge generally available to one of ordinary skill in the art, to combine the watermarks shown in Stefik with the marketing aspects recited in the present application. In particular, there is no teaching or suggestion to combine the updating of the watermark by inclusion of a user ID, with the fact that this user ID identifies a re-seller of the digital product and is used to reward said re-seller for the legal distribution of the digital product. The only teaching of such combination is in Applicant's own disclosure, and Applicant would like to remind the Examiner that "the teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art and **not based on applicant's disclosure.**" (MPEP § 2143).

It is therefore submitted that the cited art references do not, each in itself or in combination, teach or suggest all the claim limitations as set forth in Claim 1. Accordingly, reconsideration and withdrawal of the rejection of Claim 1 is respectfully requested.

It is also submitted that claims 3-11 are also allowable because they ultimately depend from claim 1, which is allowable over the cited art references based upon the above arguments. Accordingly, reconsideration and withdrawal of their rejection is respectfully requested.

Applicant notes that the Examiner rejected Claims 12 and 21 by merely reciting what was claimed in Claim 12, and by repeating or making reference to the "arguments" presented in the rejection of Claim 1 and also citing Col. 2:48-51 of Stefik, i.e.: "Other related prior art includes

Daniele, U.S. Pat. No. 5,444,779, on "Electronic Copyright Royalty Accounting System for Using Glyphs", which discloses a system for utilizing a printable, yet unobtrusive glyph or similar two-dimensionally encoded mark to identify copyrighted documents." Applicant submits that the Examiner has not shown how Claims 12 and 21 would be obvious over the cited art reference by just citing such broad statement. Thus, Applicant submits that Claim 12 and 21 are patentable over the cited art references for at least the same reasons that Claim 1 is patentable thereover. Accordingly, reconsideration and withdrawal of their rejection is respectfully requested.

It is submitted that claim 13 is also allowable because it depends from Claim 12, which is allowable over the cited art references based upon the above arguments. Accordingly, reconsideration and withdrawal of the rejection of Claim 13 is respectfully requested.

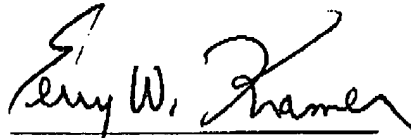
It is also submitted that claims 22-27 are also allowable because they ultimately depend from Claim 21, which is allowable over the cited art references based upon the above arguments. Accordingly, reconsideration and withdrawal of their rejection is respectfully requested.

While we believe that the instant amendment places the application in condition for allowance, should the Examiner have any further comments or suggestions, it is respectfully requested that the Examiner telephone the undersigned attorney in order to expeditiously resolve any outstanding issues.

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Respectfully submitted,
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